Assistance to retrenched workers by GIC

1704. SHRI ATAL BIHARI VAJPAYEE:

SHRI KAILASH PATI MISHRA:

Will the Minister of FINANCE be pleased to state:

(a) whether General Insurance Corporation proposes to provide cash assistance to workers retrenched due to modernisation/rehabilitation of potentially sick units; if so, the amount and time-schedule of the cash assistance;

(b) what is the amount to be paid by the employee, employer and Central Government under such an insurance scheme; and

(c) what is Government's response to the scheme as yet and what are the comments of Labour Unions?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) No, Sir.

(b) and (c) Do not arise.

Payment of Income-Tax by Companies

1705. SHRI SUNIL BASU RAY: Will the Minister of FINANCE be pleased to state:

(a) whether there are Zero-Tax companies;

(b) what is the number of such companies;

(c) what is the dividend paid to the share-holder, in terms of amount and in terms of percentage;

(d) whether there is any improvement since Sec. 115 of Income-tax Act came into force;

(e) whether there has been any revenue gain;

(f) if not, what are the reasons therefor; and

(g) what action has been taken to enforce Sec. 115 of the Income Tax Act?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) The operation of the provisions of the Income-tax Act, 1961 can result in some of the companies not paying any tax because of various exemptions, deductions and incentives and therefore, the possibility of there being Zero-Tax companies' cannot be ruled out.

(b) and (c) The questions do not indicate the date or the period for which information is required. Therefore, the information called for cannot be furnished.

(d) Section 115J (and not section 115 as mentioned in the Question) of the Income-tax Act provides for a minimum tax in the case of so called 'Zero-tax companies'. With effect from the assessment year 1988-89, a new section 115J has come into force which provides for computation of income in the case of companies at the rate of 30 per cent of "book profit". If taxable income is less than 30 per cent of the 'book profit' then the later is to be taken as deemed taxable income. For calculation of book profit, the profit and loss account has to be prepared in accordance with the provisions of parts II & III of the Sixth Schedule of the Companies Act, 1955. Some adjustments have been provided for, for arriving at the 'book profit', for the purposes of levy of tax under section 115J. Since the new provision has to come into force w.e.f. 1-4-1988 i.e. it would be applicable for the assessment year 1988-89, the exact impact of this provisions would be known only after 31st March, 1989.

(e) Yes, Sir, the revenue is going to gain by the imposition of tax under section 115J of the Income-tax Act.